

THE HONORABLE JOHN C. COUGHENOUR

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE VALVE ANTITRUST LITIGATION

No. 2:21-cv-00563-JCC

**DECLARATION OF ERIK JOHNSON IN
SUPPORT OF VALVE
CORPORATION'S OPPOSITION TO
PLAINTIFFS' MOTION FOR CLASS
CERTIFICATION**

Erik Johnson states and declares as follows:

1. I've been employed at Valve Corporation since January 1999. I am over the age of 18 and competent to testify. Like most Valve employees, I don't have a job title, but I am involved with many of Valve's products and activities, and I have personal knowledge of the facts stated in this Declaration, except in paragraphs 17 to 20 where I report publicly available information that some developers and publishers of games sold on Steam disclose about themselves.

DECLARATION OF ERIK JOHNSON IN SUPPORT OF
VALVE CORPORATION'S OPPOSITION TO PLAINTIFFS'
MOTION FOR CLASS CERTIFICATION – 1

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1 2. From 1995 or 1996 until January 1999, I worked for Sierra Online, Inc.
2 (“Sierra”). Sierra published the games Valve developed, beginning in 1998 with Valve’s first
3 game, Half-Life, until 2005.

4 3. At Sierra, I worked as a quality assurance tester for video games and other
5 software products under development. I looked for problems and defects in those products
6 and worked with the development teams to help make sure the products Sierra eventually
7 shipped were of high quality.

8 4. Sierra assigned me to work at Valve’s office in 1998. In January 1999, Gabe
9 Newell offered me a job at Valve. I accepted and began working for Valve then. I’ve worked
10 for Valve ever since.

11 5. Sierra continued to publish Valve’s games after I joined Valve, but
12 disagreements led to litigation among Sierra Entertainment, Inc. (as Sierra was then known),
13 Vivendi Universal Games, Inc. (which had become Sierra’s parent company), Valve, and four
14 individuals. In April 2005, to settle that litigation, the parties signed a Confidential
15 Settlement Agreement and Mutual Release. It includes, as Exhibit C, a Termination
16 Agreement and, as Exhibit F, a draft joint press release. The Termination Agreement and
17 draft joint press release are attached to this Declaration as Exhibit 1. The Termination
18 Agreement, between Sierra and Valve, ended Sierra’s role as the publisher of Valve’s games.

19
20 **Valve Never Acquired or Owned WON**

21 6. During the time I worked for Sierra, Sierra had a service known as World
22 Opponent Network, or WON for short, that allowed players of multiplayer games to
23 authenticate their copies and, if they chose, play together online. Some of Valve’s early
24 games used Sierra’s WON cryptographic library to authenticate users’ CD-Keys included in
25 their retail packages. A CD-Key is an alphanumeric code used to authenticate software and
deter piracy. When a user installs a game from a disc in a retail package, the CD-Key is

1 compared to the codes stored in an authentication server's cryptographic library. If it
2 matches, the user is allowed to play the game. Before Half-Life 2 launched in September
3 2004, Valve had installed its own authentication servers and had stopped using WON's
4 cryptographic library to authenticate users' copies of Valve games. But because some users
5 had old game discs of Valve games that pointed to Sierra's WON.net for authentication,
6 Sierra operated a service that redirected those users from WON.net to Valve's own
7 authentication servers, which then authenticated their copies.

8 7. The 2005 Termination Agreement contains the following paragraph 15, which

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 Termination Agreement ¶ 15.

19 8. As paragraph 15 shows, Sierra owned WON ("Sierra's WON.net URL"), and
20 Valve expected that Sierra would continue to own it. That is why paragraph 15 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 9. The Termination Agreement became effective in April 2005. I know that
25 because the draft joint press release attached to the Settlement Agreement as Exhibit F is

1 dated “April XX, 2005” and the final press release, attached to this Declaration as Exhibit 2,
2 is dated April 29, 2005.

3 10. Valve never acquired or owned WON.

4
5 **Valve’s Game Half-Life 2**

6 11. I worked on the development of Valve’s Half-Life 2 game. It was released in
7 September 2004 and, at that time, mostly sold on a disc that gamers bought in a box at a retail
8 store.

9 12. Attached to this Declaration as Exhibit 3 are pictures of the outside of a Half-
10 Life 2 game box from 2004 and a picture of a Quick Reference Card from inside the box. The
11 pictures in Exhibit 3 accurately depict what was on the outside and inside of the Half-Life 2
12 game boxes that gamers bought at retail in stores after the game was launched in September
13 2004. The Quick Reference Card is the first thing buyers would see when they opened the
14 box and took the product out.

15 13. The outside of the Half-Life 2 box tells buyers of the game that an Internet
16 connection is required for the game. Both the “Minimum System Requirements” and
17 “Recommended System Requirements” listed on the side of the game box state, “Internet
18 connection required.” This was important to both authenticate the user’s copy of the game
19 and allow creation of the user’s Steam account (if the user did not already have one).

20 14. The Quick Reference Card insert also says that an Internet connection is
21 required and explains, “A **Steam** account is required to play **Half-Life 2** and an internet
22 connection is required to create and use your **Steam** account.” There are significant benefits
23 that Steam account holders can access with their Steam account, and Valve did not (and still
24 does not) charge gamers for creating a Steam account and becoming members of the Steam
25 community.

1 15. Though an Internet connection and a Steam account were required to play
2 Half-Life 2, the game did not have to be played online. Although there were significant
3 benefits available if the user played the game online, the Quick Reference Card insert
4 explained that an “Offline Mode” to play Half-Life 2 was available.

5 16. After Sierra’s role as the publisher of Valve’s games, including Half-Life 2,
6 ended in April 2005, Valve used another publisher, Electronic Arts (“EA”), for a number of
7 years. Physical copies of the Half-Life 2 game were then sold in different packaging, a DVD
8 case instead of a box. Attached to this Declaration as Exhibit 4 are pictures of the outside front
9 and back of the Half-Life 2 DVD case. The pictures in Exhibit 4 accurately depict what was
10 on the outside of the Half-Life 2 DVD case when the game was sold at retail after EA became
11 Valve’s publisher. The back of the DVD case informed potential buyers of the game: “You
12 must activate this product via the Internet by registering for a Steam account”
13

14 **Examples of Publishers and Developers that Distribute Games on Steam**

15 17. Ubisoft is a publicly traded French company whose 2022-23 Universal
16 Registration Document and Annual Financial Report shows that it has had well over a billion
17 euros in sales in recent years. *See*
18 [https://staticctf.ubisoft.com/8aefmxkxpxwl/3TL97lhdKScWJxj25qA1ks/ef2acae5a3137fc9c1](https://staticctf.ubisoft.com/8aefmxkxpxwl/3TL97lhdKScWJxj25qA1ks/ef2acae5a3137fc9c10fa8d988a4a423/UBISOFT_DEU_UK_BAT_2023_MEL.pdf)
19 [0fa8d988a4a423/UBISOFT_DEU_UK_BAT_2023_MEL.pdf](https://staticctf.ubisoft.com/8aefmxkxpxwl/3TL97lhdKScWJxj25qA1ks/ef2acae5a3137fc9c10fa8d988a4a423/UBISOFT_DEU_UK_BAT_2023_MEL.pdf). According to its website,
20 <https://www.ubisoft.com/en-us/>, Ubisoft publishes games for PCs and consoles, including the
21 Xbox, PlayStation, and Nintendo Switch. Ubisoft’s games are available for purchase on that
22 website, and through its subscription service, called Ubisoft+. Valve’s records show that
23 Ubisoft currently distributes well over 100 games in multiple genres on Steam. *See*
24 <https://store.steampowered.com/publisher/ubisoft>. Valve’s records show that [REDACTED] of
25 the Ubisoft games played on Steam are from redeemed Steam Keys.

1 18. Artemis: God–Queen of the Hunt, is a 2D platformer game on Steam, developed
2 and published by an individual named James Leakos. See
3 https://store.steampowered.com/app/1081850/Artemis_GodQueen_of_The_Hunt/. Valve’s
4 records show that Mr. Leakos has released just that one game on Steam, and it has sold about
5 ██████████ on Steam since it debuted in 2019. Valve’s records also show that over ██████████
6 ██████████ issued to Mr. Leakos for his game have been redeemed by Steam users.

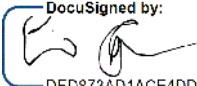
7 19. Facepunch Studios is an independent game studio that develops games for PC
8 and consoles. Its website, <https://facepunch.com/>, identifies about 75 team members. One of
9 Facepunch Studio’s games is Garry’s Mod, a multiplayer game that allows users to create their
10 own adventures. Garry’s Mod is available on Steam, was built on a modified version of Valve’s
11 Source game engine, and leverages Valve characters and other Valve intellectual property.
12 Because of that, Valve retains a higher revenue share for Garry’s Mod than most games.
13 Valve’s records show that Garry’s Mod uses many of Steam’s features, including the Steam
14 Workshop, the Steam Cloud, Valve Anti-Cheat, Steam Achievements, and Steam Trading
15 Cards. See https://store.steampowered.com/app/4000/Garrys_Mod/. To my knowledge,
16 Garry’s Mod is available only on Steam.

17 20. Manor Lords, a medieval strategy game sold on Steam, was developed by a
18 developer called Slavic Magic and published by a publisher called Hooded Horse. See
19 https://store.steampowered.com/app/1363080/Manor_Lords/. According to the Manor Lords
20 website, <https://manorlords.com/>, Manor Lords is sold on Steam, the Epic Game Store, and
21 GOG.com, and is available through Microsoft’s PC Game Pass subscription service.

1 I declare under penalty of perjury that the forgoing is true and correct.

2 Executed on 5/17/2024

3 at Bellevue, WA

4 DocuSigned by:
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6 DED873AD1ACE4DD...
7 Erik Johnson

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